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UNCLAS SECTION 01 OF 02 YEREVAN 001194

SIPDIS

SENSITIVE

DEPT FOR EUR/CACEN

E.O. 12958: N/A

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SUBJECT: MCA: THE VIEW FROM YEREVAN

1. (U) Sensitive But Unclassified. Please treat accordingly.

PROGRESS IN RECENT YEARS

2. (SBU) Over the past 12 years since independence Armenia has moved from a state of open conflict with one of its neighbors to a stable, if occasionally uneasy, truce, has gone from a deep economic and humanitarian crisis to a fast-growing economy with the benefits of economic growth beginning to extend to the population at large and has seen the first flush of patriotic euphoria fade as the country works to build an independent and democratic society. Over the course of your brief visit you will be meeting with government leaders and political activists from across the political spectrum, with representatives from the NGO community and with local businessmen. While you are here, you will have an opportunity to appreciate the consultative approach Armenia pursued developing its Poverty Reduction Strategy Paper, see examples of the considerable progress that Armenia has made in recent years and understand the significant challenges still facing Armenia in its transition.

FLAWED ELECTIONS SET THE STAGE FOR UNREST

3. (SBU) While Armenia's flawed 2003 presidential elections have laid the groundwork for the current political discord, we believe that there is little doubt that President Kocharian did indeed win the election, if not by the official margin. Nonetheless, the opposition has focused on the flawed elections and still low (although improving) standard of living to rally moderate numbers of protesters to call for Kocharian's resignation. With no coherent program or charismatic figure, however, the opposition has been unable to transform a generalized sense of dissatisfaction with the status quo into any sort of "revolutionary fervor" - and attendance at opposition rallies has been dropping steadily over the past five weeks. The opposition has shown neither the desire nor the capacity to engage in serious political work to affect the course of the country and its future. Electoral reforms and Council of Europe-required constitutional reform are areas where an engaged opposition could have a significant impact. For its part, the government has moderated its responses to the rallies from the excesses and nearly 200 administrative detentions following the April 12 rally and march. It has not yet demonstrated, however, it is willing to back away from administrative measures to intimidate the opposition. As a result, there is little prospect of any meaningful political dialogue or interaction.

PRESIDENT KOCHARIAN--FIRMLY IN CONTROL

4. (SBU) President Robert Kocharian is deeply engaged in the Millennium Challenge process. An avid reader, he speaks fairly good English, although he will likely use an interpreter for at least part of your meeting with him. You will find him a well-informed interlocutor with strong opinions.

PRIME MINISTER--CEREMONIAL HEAD OF THE BOARD

5. (SBU) You will be meeting with Prime Minister Andranik Margaryan, who the GOAM has identified as the likely ceremonial head of the board of directors charged with responsibility for oversight of any

eventual MCA compact proposal. Margaryan, the longest sitting Prime Minister in Armenia's post-Soviet history, played a major role in forming the current governing coalition in the Armenian parliament. Margaryan points to recent strong economic growth as the result of reforms he sponsored since taking on responsibilities as Prime Minister in 2000. He is generally respected by colleagues as a pleasant and effective leader who enjoys good relationships across party lines. A slow but deliberate interlocutor, Margaryan considers himself a "simple man," whose background and views on life are representative of the Armenian population as a whole. An engineer by background, 53-year-old Margaryan was jailed by Soviet authorities for a short period in the mid-1970s.

NATIONAL ASSEMBLY--A WHIFF OF MODERATION

16. (SBU) During the recent political events the National Assembly, under the leadership of its Speaker, Artur Baghdasarian, has played a mediating role between the government and the opposition. Although the vast majority of the National Assembly and all of its leadership are members of the governing coalition, the speaker and his closest advisors have worked to carve out a modest space for political discourse. The extent to which the governing coalition can bring the opposition into the political process will be crucial: successful constitutional reform (a part of Armenia's on-going Council of Europe commitments) and electoral law reform will only be possible if politicians from across the political spectrum participate actively.

ORDWAY